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Arnold Schwarzenegger
Governor

April 29, 2004

Mail-Out #MSC 04-09

TO: Interested Stakeholders

SUBJECT: SOLICITATION FOR ADDITIONAL INFORMATION REGARDING SUPPLEMENTAL ZERO-EMISSION VEHICLE ACTIVITIES: REGULATORY INCENTIVES FOR THE DEPLOYMENT OF AUTOMOTIVE FUEL CELLS IN STATIONARY APPLICATIONS, THE DEVELOPMENT OF HYDROGEN INFRASTRUCTURE, TRANSPORTATION SYSTEMS, AND NEIGHBORHOOD ELECTRIC VEHICLES

At a September 2003 public hearing, the Air Resources Board (ARB or the Board) staff presented findings on the appropriateness of providing zero-emission vehicle (ZEV) regulatory credit for supplemental activities. Specifically staff addressed: (1) awarding zero emission vehicle credits for the use of motor vehicle fuel cells in stationary applications and hydrogen infrastructure development; and (2) augmenting transportation system credits, with the intent of enhancing the commercial success of ZEVs. In summary, staff found that stationary applications of automotive fuel cells could enhance fuel cell development; it would be inappropriate to provide ZEV credits for hydrogen refueling infrastructure at this time; and, the current Transportation System credits could be expanded to include Neighborhood Electric Vehicles (NEVs). However, limitations and concerns were provided with the recommendations on all of the above issues. The informational report did not include specific quantifiable actions. Instead, staff requested further direction from the Board.

The Board concluded that they need additional information to determine if ZEV credits should be used in these specific situations. The Board directed staff to complete the evaluation of the potential for supplemental activity incentives to enhance ZEV development and to broaden the evaluation in consultation with other state agencies to include not only ZEV credits, but other incentives. The Board also directed staff to investigate the stationary, infrastructure, and transportation issues individually and in an integrated approach. Finally, the Board directed that credits be limited to a few pilot projects and that the use of renewable energy sources be included.

As per the Board directive, staff has continued to evaluate the possible credit options and has met with various stakeholders. At this time, staff would like to provide an

The energy challenge facing California is real. Every Californian needs to take immediate action to reduce energy consumption. For a list of simple ways you can reduce demand and cut your energy costs, see our Website: <http://www.arb.ca.gov>.

California Environmental Protection Agency

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additional opportunity for all stakeholders to provide further information on the activities discussed in the September informational report. Specifically, the information should address how incentives for stationary application of automotive fuel cells, hydrogen infrastructure, or amended transportation system credits could enhance the commercial success of zero emission vehicles. The information should include the level of incentive required for the activities to succeed. In addition, in testimony during the April and September hearings, the adequacy of the base credit value for NEV's was discussed. For this solicitation, staff will accept information relating to the appropriateness of the base credit for NEVs.

Please send your comments by June 30, 2004, to Mr. Gerhard Achtelik by e-mail at gachteli@arb.ca.gov or by mail to Mr. Gerhard Achtelik, Air Resources Board, Mobile Source Control Division, P.O. Box 2815, Sacramento, California 95812.

Sincerely,

/s/

Robert H. Cross, Chief
Mobile Source Control Division

cc: Gerhard Achtelik, Air Pollution Specialist
On-Road Controls Branch